Toledo's Donna Owens • The Leasing Alternative

AUGUST 1988

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Resource Recovery:

The Specter Of Dioxin

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About the Cover

The resource recovery industry has been hindered in recent years by the discovery of dioxin, a man-made chemical thought to promote cancer, in smokestacks. New research, however, is helping resource recovery vendors in their fight for credibility. (Photograph by John Carter of Atlanta.)

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Suing Over Sewers

By Cathy Dombrowski

As many as several thousand local sewage treatment plants may fail to meet the July 1, 1988, deadline for installing secondary treatment, but the message from Washington is that the deadline will stick. During the past few months, Environmental Protection Agency officials have stressed publicly the reality of the deadline, publicizing recent lawsuits against sewer agencies and predicting that more are on the horizon.

Filed as part of a municipal enforcement initiative, the suits are intended to demonstrate the agency's commitment to the secondary treatment deadline, says EPA Assistant Administrator Lawrence Jensen. Although there are 1,325 major facilities and 3,400 minor publicly owned treatment works (POTW) that will have to construct additions or improvements to meet the deadline, Jensen insists, "I remain absolutely committed to this date." Major POTWs are those treating more than 1 million gallons per day of wastewater.

Local representatives are concerned most about cases in which non-compliance with the deadline is the result of financial difficulties stemming from cutbacks in federal aid and the proposed phaseout of sewage construction grants. Even before the government ends financial assistance, many sewage authorities are having trouble raising their 45 percent share of construction costs under the current grant system, says National League of Cities' Executive Director Alan Beals. "While we would support legal action against those who blatantly violate the law, fining a city or putting officials in jail will do nothing to accomplish the goal, which is cleaner water, especially in those communities where the main reason the city can't comply is because no money is available to help cover the costs," he says.

Jeffrey Schiff, acting director of the National Association of Towns and Townships, says "it is a problem that our members have been left out of the loop in terms of financial aid," and that many NATaT members "feel they have been ignored because of the federal emphasis on large collector systems."

But insufficient federal aid is a problem even for larger sewer districts. In a survey of members of the Association of Metropolitan Sewerage Agencies (AMSA), 18 of 55 respondents reported their compliance with the 1988 deadline is contingent on federal funding of $2.4 billion per year. However, EPA has yet to appropriate all the allocated fiscal 1986 funds. A supplemental appropriation bill providing $1.2 billion has been passed but President Reagan has threatened a veto. Even if he signs the bill, the supplemental money, when added to the $600 million released last December, is only 75 percent of the amount needed and will be available only after much of the construction season is over in some areas of the country.

Efforts are being made to seek language from Congress specifying that compliance with the 1988 deadline will be contingent on the availability of federal funding. Some House members have indicated a willingness to consider this proposal as part of the Clean Water Act reauthorization, according to Roxanne Grahams of AMSA. But George Ames, acting director of EPA's Office of Water Policy, says the courts already have upheld that sewage treatment is a municipal responsibility and not linked to federal funds. "The date is there," Ames says. "I don't see movement on the Hill to change it. We don't want to see it changed. Clearly, we should get going to make the deadline."

Jensen adds, "I am aware of those who suggest that the phaseout is contradictory to some of the statutory clean water goals set in the act. You've heard it before, and you'll hear it again, compliance with the Clean Water Act has never been dependent on federal funding." Even for smaller communities, which are low on the priority list for distributing the limited federal grants that remain, Jensen says, "We remain committed to the goal and we're going to accomplish as much as we can."

The impact of widespread non-compliance on the federal enforcement effort is uncertain. Schiff suggests the agency does not have a mechanism to carry out its threats. Ames concedes EPA will have to deal with non-compliance as best it can. "Obviously, if the problem is too big for our resources to handle, we'll have to be selective in taking action," Ames says. "The key thing is to get communities on a schedule."

Ames is quick to point out that EPA is not just intent on taking people to court. The agency has initiated efforts to provide technical assistance to sewer districts and inform them of financial alternatives. Last year, he says, more than 600 facilities with operating deficiencies were brought into compliance with federal standards following agency assistance. Schiff says his group has developed literature to inform local officials about technical treatment technologies, alternative financial techniques, as well as how to work with consultants and how to protect their investment once a plant is built.

On an optimistic note, Jensen predicts that state and local programs will be able to take over the burden of sewage treatment. "I recognize the serious strains which a transition to self-sufficiency puts on states and localities," he says. "However, while there is justifiable uncertainty about how quickly the federal government will get out of the wastewater finance business, there is no question that it is getting out. I am hopeful that 'defederalization' in the finance area will not lead to the 'deinstitutionalization' of state and local programs, and that our common commitment to clean water will override these institutional and financial hardships, however severe." □

Federal Water/Wastewater Spending

Program	Fiscal 1980	Fiscal 1987	Change
Farmers Home Administration Water/Waste Disposal Program	$990 million	$0 million	−$990 million (−100%)
Economic Development Administration	$582 million	—0—	−582 million (−100%)
Environmental Protection Agency Construction Grants	$3.4 billion	$1.8 billion	−1.6 billion (−29%)
Corps of Engineers (civil works program — construction funding only)	$1.66 billion	$1.05 billion	−.61 million (−36%)
Bureau of Reclamation (construction budget only)	$213.5 million	$576.8 million	+363.3 million (+170%)
TOTAL	**$6.84 billion**	**$3.43 billion**	**−3.41 billion (−50%)**

MUNICIPAL COST INDEXES

The **Municipal Cost Index** for August rose almost two points, climbing to 338.2. The increase was spurred by increases in the **Construction Cost Index, Consumer Price Index** and **Producer Price Index**, each rising more than one point.

This month's marketbasket continues to show dramatic declines in the fuel and oil family, with the largest being diesel fuel, which fell more than 7 percent from last month and almost 50 percent since last year. Gasoline, however, rose for the first time in several months, climbing by 11 percent.

These figures are calculated on a base year of 1967.

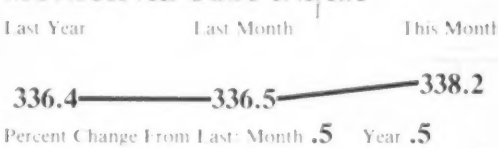
— Compiled by Joe Morris

THIS MONTH'S MARKETBASKET

	Current Index	Percent Change From: Last Month	Last Year
Air Conditioners	148.9	.1	1.1
Apparel	186.7	1.1	2.6
Asphalt Roofing	394.7	−.2	−4.3
Books	138.4	0.0	5.3
Chemicals, Industrial	319.6	−1.5	−5.0
Coal	538.5	−.3	−1.8
Concrete Products	326.2	−.2	1.9
Construction Machinery	366.3	.1	1.2
Diesel Fuel	363.8	−7.9	−45.0
Electric Components	200.6	0.0	1.6
Electric Lamps	346.1	−.6	.5
Electric Power	455.2	.3	1.6
Engines, I.C.	352.5	−.1	3.6
Fans, Blowers	363.0	0.1	1.1
Fertilizers, Mixed	254.9	−0.3	−2.1
Floor Coverings	194.8	.2	1.7
Flow Instruments	235.4	.4	1.5
Footwear	261.8	−.3	3.2
Foundry Products	364.8	−.1	.6
Fuel Oil No. 2	406.7	−3.1	−42.1
Furniture	316.3	.2	3.0
Gasoline	378.7	11.2	−34.3
Generator Sets	351.8	.6	0.0
Glass	230.1	0.0	2.3
Glass Containers	399.6	1.4	6.1
Gypsum Products	360.3	4.4	8.2
Hardware	305.7	.1	0.0
Heating Equipment	266.8	−.2	2.8
HVAC Controls	126.6	−.4	2.8
LP Gas	337.2	−9.9	−36.9
Lubricants	366.8	−2.8	1.8
Lumber	308.3	.3	.1
Metal Fabrications	314.9	−.1	.1
Millwork	316.8	.4	2.0
Motor Vehicle Parts	358.4	0.0	1.1
Mowers	263.7	0.0	.8
Natural Gas	1274.5	1.6	−11.1
Office Machines	154.1	−.1	−.4
Paint	280.9	0.0	1.7
Paper	304.3	.3	−.1
Passenger Cars	233.3	.2	2.3
Plumbing Fixtures	322.9	.1	3.3
Plywood	240.3	−1.8	3.5
Portland Cement	355.5	−1.4	−2.7
Residual Fuel	523.1	−6.3	−50.6
Sand, Gravel	317.3	.2	3.0
Sanitary Papers	383.0	.5	1.8
Soaps, Detergents	273.9	.1	.2
Sporting Goods	205.1	.2	.2
Steel Mill Products	348.7	.7	−5.0
Struc. Clay Products	307.3	.1	5.0
Switchgear	286.0	.1	1.7
Tires, Tubes	235.7	−.3	−1.4
Transformers	232.7	−.8	.1
Trucks	344.0	1.1	3.2
Valves	106.6	−.6	2.0
Wire, Cable	206.9	−.1	1.3
Wiring Devices	373.0	.1	−3.1

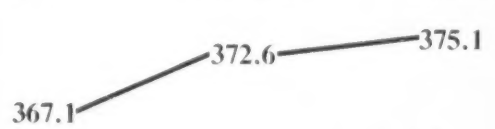
At-A-Glance Changes

MUNICIPAL COST INDEX



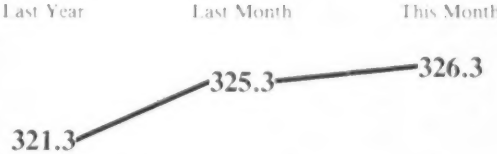
Percent Change From Last: Month .5 Year .5

CONSTRUCTION COST INDEX



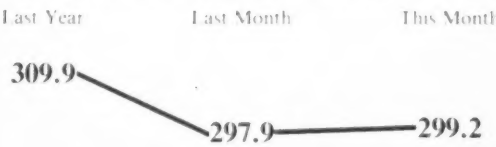
Percent Change From Last: Month .6 Year 2.2

CONSUMER PRICE INDEX (BLS)



Percent Change From Last: Month .3 Year 1.6

PRODUCER PRICE INDEX (BLS)



Percent Change From Last: Month .4 Year −3.5

QUARTERLY MUNICIPAL TRENDS

	Current Level	Percent Change From: Last Qtr.	Last Year
Receipts	602.3B	2.2	7.5
Federal Grants	111.0B	8.8	16.0
Durable Purchases	20.8B	.97	6.1
Consumables	37.9B	−5.0	0.8
Services	364.2B	3.7	7.8
Structures	55.9B	2.2	16.7
Salaries, Wages	292.2B	1.8	7.5
Surplus	64.6B	9.9	2.2
Employment	13.620M	−.01	2.4